

# THE SMALLHOLDER AND AGRI-SME FINANCE AND INVESTMENT NETWORK



## WHAT IS SAFIN?

The Smallholder and Agri-SME Finance and Investment Network (SAFIN) is an **inclusive partnership of actors** working in different parts of the global ecosystem for agricultural and related small and medium enterprise (SME) finance and investment. SAFIN partners **recognize that smallholder farmers and other agri-SMEs are key investors** in the rural economy and in food systems. The partners also **understand the challenges** they face, particularly in accessing finance for investment, and share a **common vision** of more inclusive and sustainable agri-finance ecosystems, from the global to the local levels. Ultimately, SAFIN partners share a **commitment to work together** towards this vision through the network, which functions as a pre-competitive space to join forces around strategic collaboration opportunities, share knowledge and support each other.

## WHY THE NETWORK HAS COME TOGETHER

**Inclusive and sustainable rural transformation** is key to realizing all aspects of the 2030 Agenda, as well articulated among others in the IFAD Rural Development Report 2016. This is due to the immense contribution of agriculture and related sectors to employment, economic growth, food systems and nutrition, and their major impact on the natural environment, as well as the predominantly rural nature of extreme poverty and hunger.

In countries at all levels of development, **agri-SMEs** operating in primary production, input and technology provision and services, processing, marketing, and other sectors **represent the backbone of rural economies**. In many contexts, these enterprises are the primary investors in food systems, particularly those that serve local consumers in rural and proximate urban areas. Their capacity to invest effectively, profitably and sustainably is thus critical both to the future of rural economies and to many food systems.

As all investors, **agri-SMEs require an enabling environment** to operate effectively. Adequate access to financial products and services that effectively meet their diverse demands and needs is one key factor in this context. Indeed, **the importance of financial inclusion for SMEs** in all sectors is well recognized in the 2030 Agenda and in the related Addis Ababa Action Agenda for Financing for Development. However, this is not only an agenda for providers of development finance; improving access to finance for agri-SMEs also requires a concerted, multi-stakeholder effort to build financial ecosystems that are effective, sustainable, and inclusive of these enterprises. This effort must include agri-SMEs themselves through their representatives, such as farmers' associations, private finance providers, government institutions, development partners, and providers of relevant technical expertise and services, among others.

The intention to establish SAFIN as a multi-stakeholder initiative was announced in **January 2017**, alongside the conference on *"Investing in Inclusive Rural Transformation"*, which was co-hosted by the International Fund for Agricultural Development (IFAD) and the Italian Ministry of Finance and Economy. Under the leadership of IFAD, a group of about twenty individuals and institutions worked to incubate this initiative in the form of a network, in the belief that this would result in the most effective form for a broad collaborative effort, strengthening and building upon the work of each individual partner.

## OUR PARTNERS

As of September 2018, SAFIN has **over 40 partners**, some of which are networks or secretariats of platforms. These include a broad spectrum of institutions across the agri-SME finance ecosystem. The full list of official SAFIN partners can be accessed at [www.safinetwork.org](http://www.safinetwork.org).

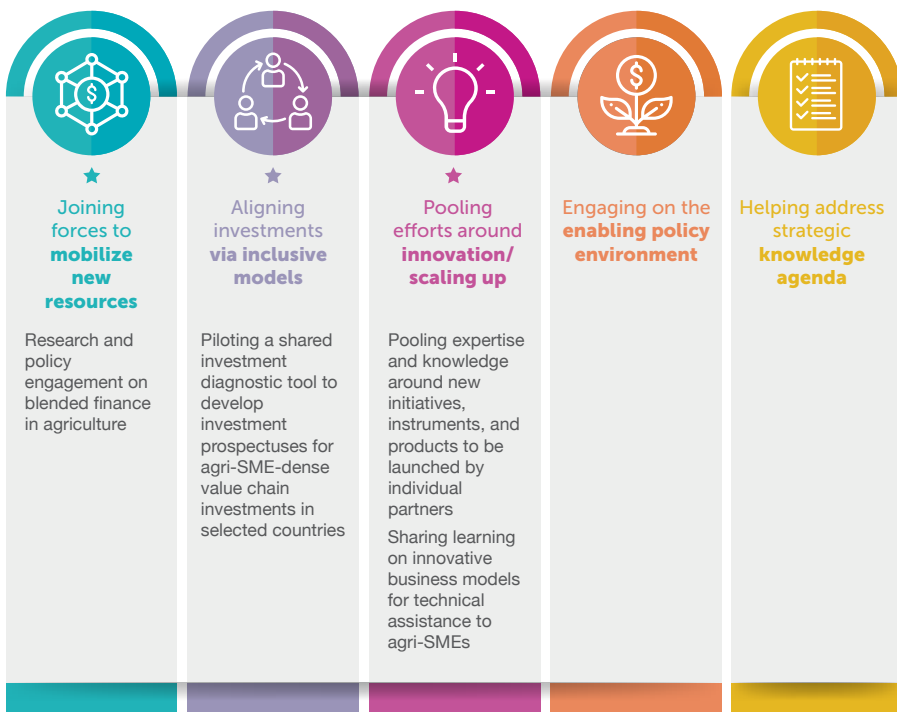
## OUR VISION FOR THE AGRI-SME FINANCE ECOSYSTEM

SAFIN partners share a **vision of a more effective and inclusive ecosystem for agri-SME finance and investment**, to which they actively contribute in the following avenues:

- Inclusive and evidence-based policy and institutional environments;
- Higher volumes and more diverse sources of finance for SME investment;
- System-wide alignment around SME-inclusive narratives and practices;
- Greater investment in innovation and attention to scaling up good practices; and
- An improved knowledge base informing both policy and practice.

## WHAT WE DO

SAFIN has five workstreams, related to mobilizing finance for the ecosystem, strategic alignment of partners' work at country level, innovation, policy engagement, and research agenda coordination, as represented in the figure below. The starred workstreams are in focus during 2018-2020.



# 2 billion

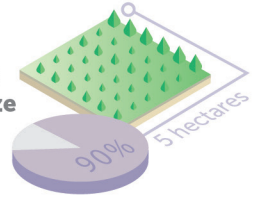
adults worldwide  
lack access to formal  
financial services

(World Bank)

# Over 90%

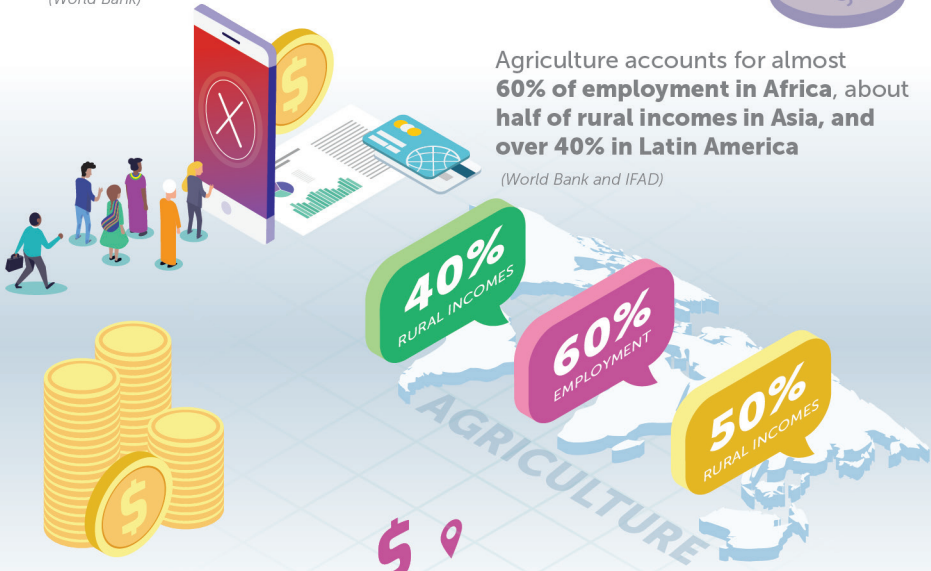
of the world's farms are  
below 5 hectares in size

(FAO)



Agriculture accounts for almost  
**60% of employment in Africa**, about  
**half of rural incomes in Asia**, and  
**over 40% in Latin America**

(World Bank and IFAD)



# 40% FINANCING GAP PER YEAR

of formal micro, small  
and medium enterprises  
in developing countries  
have a **financing gap of  
US\$ 5.2 trillion a year**

(International Financial Corporation)

**Formal financial institutions**  
account for about **25%** of the  
supply of finance to smallholders.  
**Informal and community-based  
institutions** account for **45%** and  
**value chain actors** account for **30%**

(World Bank)

FIND OUT MORE ABOUT SAFIN: [www.safinetwork.org](http://www.safinetwork.org)

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